



Working Together for Hawaii

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City Council City and County of Honolulu  
Budget Committee

Testimony by  
HGEA/AFSCME, Local 152, AFL-CIO  
February 1, 2006

PROPERTY TAX RELIEF BILLS

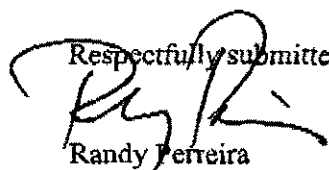
The Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO agrees there is a need to provide property tax relief for Oahu property owners. Due to the large number of proposals before the Budget Committee, we will speak to broad principles of property tax relief rather than to each specific bill scheduled at today's hearing.

Property tax relief should be targeted to alleviate the tax burden for those who can least afford the property tax increase. Therefore, we support the underlying purpose of the "circuit breaker" approach to property tax relief based upon income. The HGEA also supports the concept of reducing property taxes for owner occupants as opposed to investors. This could include establishing a separate classes of property based upon occupant versus investor status.

We strongly oppose those bills with property tax caps similar to California's Proposition 13. Such caps carry ramifications that extend well beyond the problem they claim to address. Typically, they lead to long term inequities in property taxes paid by similarly situated households and may encourage additional commercial development. Moreover, such limits often lead to greater than expected reductions in vital public services, including road maintenance, parks, police and fire protection. Since property taxes remain the single most significant source of revenue for the City and County of Honolulu, we must not overreact to recent short-term changes in property tax values by endorsing permanent cuts in property taxes, which will result in public service cuts, increasing other taxes, or both.

It is also important to remember that property tax increases and declines are cyclical. Therefore, targeted property tax relief avoids sharp reductions for locally provided public services when property values drop, which they inevitably will. Thank you for the opportunity to provide testimony on this important public policy issue.

Respectfully submitted,

  
Randy Ferreira  
Deputy Executive Director

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